

APPENDIX A – 3

Project Selection Processes

San Francisco Bay Area Transit Capital Priorities Process and Criteria
MTC Resolution No. 3580



Date: July 23, 2003
W.I.: 1512
Referred By: PAC
Revised: 12/17/03-C

ABSTRACT

Resolution No. 3580, Revised

This resolution approves the process and establishes the criteria for selecting transit capital priorities projects in the San Francisco Bay Area for the FY 2003-04 FTA Section 5309 Fixed Guideway funds and FY 2004-05 FTA Section 5307 and 5309 Fixed Guideway funds, superseding Resolution No. 3423 for those years. MTC resolution No. 3515 outlines the interim transit capital priorities for Section 5307 funds in FY 2003-04.

This resolution was revised on December 17, 2003 to incorporate principles under which AC Transit, Golden Gate Transit, and the Santa Clara Valley Transportation Authority may use FTA formula funds for preventive maintenance in FY 2004-05 to address continued financial challenges brought about by the Bay Area economic recession.

Further discussion of the transit capital priorities policy is contained in the "Executive Director" memoranda dated July 9, 2003 and December 10, 2003.

Date: July 23, 2003
W.I.: 1512
Referred By: PAC

RE: San Francisco Bay Area Transit Capital Priorities Process and Criteria

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 3580

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Sections 66500 et seq.; and

WHEREAS, MTC is the designated Metropolitan Planning Organization (MPO) for the nine-county Bay Area and is required to prepare and endorse a Transportation Improvement Program (TIP) which includes a list of priorities for transit capital projects; and

WHEREAS, MTC has worked cooperatively with the cities, counties and transit operators in the region to establish a process and a set of criteria for the selection of transit capital projects to be included in the TIP; and

WHEREAS, the process and criteria to be used in the selection and ranking of projects are set forth in Attachment A, which is incorporated herein as though set forth at length; now, therefore, be it

RESOLVED, that MTC approves the Transit Capital Priorities Process and Criteria as set forth in Attachment A; and, be it further

RESOLVED, that MTC will use the process and criteria to program Federal Transit Administration (FTA) Sections 5307 and 5309 funds for FY 2004-05 and FTA Section 5309 funds for FY 2003-04 to finance transit capital projects in the San Francisco Bay Area region; and, be it further

RESOLVED, that this resolution supercedes the provisions of MTC Resolution 3423 for FY 2003-04 and FY 2004-05.

RESOLVED, that the Executive Director of MTC is authorized and directed to forward a copy of this resolution to FTA, and such agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

Steve Kinsey, Chair

The above resolution was entered into
by the Metropolitan Transportation
Commission at a regular meeting of the
the Commission held in Oakland,
California on July 23, 2003

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Attachment A
Resolution No. 3580
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**FYs 2003-04 and 2004-05 for FTA Section 5309
FY 2004-05 for FTA Section 5307
(see MTC Res. 3515 for FY 2003-04 FTA Section 5307)
San Francisco Bay Area
Transit Capital Priorities
Process And Criteria**

**For development of the
FYs 2003-04 and 2004-05
Transit Capital Priorities Project List**

Metropolitan Transportation Commission
Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607

FYs 2003-04 AND 2004-05 TRANSIT CAPITAL PRIORITIES PROCESS AND CRITERIA

I. GOALS AND OBJECTIVES

The FYs 2003-04 and 2004-05 Transit Capital Priorities (TCP) Process and Criteria are the rules, in part, for establishing a two-year transit capital priorities project listing for transit operators in the San Francisco Bay Area Region's large urbanized areas (UA) of San Francisco/Oakland (SF/O), San Jose (SJ), Concord, Santa Rosa (SR), and Antioch; and the small urbanized areas of Vallejo, Fairfield, Vacaville, Napa, Livermore, Gilroy-Morgan Hill (GM), and Petaluma. In November 2002, MTC adopted Resolution No. 3515, an Interim Transit Capital Priorities Process and Criteria, which applies to programming of the region's FY 2003-04 FTA Section 5307 funds. Programming policy as established by the provisions of MTC Resolution No. 3580 herein will apply to programming of the region's FY 2003-04 and FY 2004-05 FTA Section 5309 Fixed Guideway funds and the FY 2004-05 FTA Section 5307 funds.

The goal of the TCP Process and Criteria is to select for programming and to fund those transit projects that are most essential to the region and consistent with the Regional Transportation Plan (RTP). The TCP will cover the programming of Federal Transit Administration (FTA) Section 5307 and Section 5309 Fixed Guideway funds. Projects selected will conform to the requirements of the successor authorization act to the Transportation Equity Act for the 21st Century (TEA-21), Clean Air Act Amendments of 1990 (CAAA), the California Clean Air Act (CCAA), and the Americans with Disabilities Act (ADA). In the event the new authorization act includes changes to project eligibility and/or categorical set-asides, TCP process and criteria will be re-evaluated in order to incorporate any changes.

The region's objectives for the TCP are to:

1. **Fund basic capital requirements:** All eligible replacement and expansion projects are to be considered in the priority setting process, with emphasis given to the most essential projects that replace and sustain the existing transit system capital plant. MTC will base the list of eligible replacement and expansion projects on operators' Short Range Transit Plan (SRTP) service objectives and capital plans. Operators, as part of their planning processes, will identify the costs of their capital replacement needs in their SRTPs and submit these projects for TCP consideration. All projects not identified as candidates for the TCP process are assumed to be funded by other resources and so are identified in the operators' SRTPs.
2. **Maintain reasonable fairness to all operators:** Tests of reasonable fairness are to be based on the total funding available to each operator over a period of time, the level and type of service provided, timely obligation of prior year grants, and other relevant factors. (A proportional share distributed to each operator is specifically not an objective.)

3. **Complement other MTC funding programs for transit:** MTC has the lead responsibility in programming regional Surface Transportation Program (STP) and Congestion Mitigation-Air Quality (CMAQ) funds, and State Transportation Improvement Program (STIP) funds. Transit capital projects not funded through the TCP process are eligible for funding under these federal and state programs. Development of the TCP will complement the programming of STP, CMAQ, and STIP funds to maximize the financial resources available in order to fund the most essential projects for the San Francisco Bay Area's transit properties.

II. TCP PROCESS - GENERAL

1. Cooperative Process between Transit Operators and MTC

Each transit operator in the MTC region is responsible for appointing a representative to staff the Transit Finance Working Group (TFWG). The TFWG serves in an advisory capacity to the MTC Partnership Technical Advisory Committee (PTAC). The TFWG meets monthly, or as needed, to discuss issues arising from the TCP and from other funding programs. All programming-related decisions are to be reviewed with the MTC PTAC. In general, the MTC Programming and Allocations Committee and the full Commission take action on the TCP and any other transit-related funding programs after the MTC PTAC has reviewed them.

2. Operator and MTC Responsibilities

a. Operator Responsibilities

Capital Program Submittal. Operators will submit their transit capital projects to MTC using the following methods: 1) For the purposes of completing the Regional Transportation Plans (RTP) transit element, operators will submit a **complete** list of their capital needs employing the MTC Finance Plan; 2) For the purposes of programming, project sponsors will be asked to review the data submitted in Finance Plan for consideration, updating as necessary. The purpose for this is to establish a complete list of all the region's capital needs that are eligible for programming as funds become available. Once a project has been slated for programming, project sponsors will submit project funding proposals electronically using the Section 5307/5309 applications on the MTC funding website (<http://www.mtc.ca.gov/funding.htm>). For each project proposed during the programming period (FYs 2003-04 and 2004-05), the operators will need to provide sufficient details about each project, including programming justification and a detailed project implementation schedule. The level of detail must be sufficient to allow for MTC to screen and score the project.

Operators should provide whatever level of detail is required to convince a reasonable person that the project is well conceived and needed in the year requested.

Projects proposed by outside agencies. Inclusion of projects proposed by agencies other than the transit operators in the TCP should be based on a mutually satisfactory agreement between transit

operators and the proposing agency. For this reason, such projects should be in a transit operator's list of proposed projects. It is the responsibility of the transit operator to notify non-transit agencies - such as the agencies which may propose transit projects in their Congestion Management Plan Capital Improvement Programs - early enough in the process to allow evaluation of these projects. It is also the responsibility of the transit operator to respond to these proposals in a timely manner.

Support. To improve the timeliness, completeness, and accuracy of the information submitted to MTC, MTC staff will meet with operator staff on a periodic basis to review the status of the projects and the interpretation of Capital Priorities requirements.

b. MTC Responsibilities

Fund estimate. MTC staff will develop and update estimates of funds likely to be available in the FYs 2003-04 and 2004-05 period for transit capital needs. The estimates will include the following fund sources: Section 5307, Section 5309 Fixed Guideway, and Net Toll Bridge Revenues. These estimates are intended to be realistic expectations; they will be used to constrain the programming of the federal funds for TCP projects in the Transportation Improvement Program (TIP).

Screening projects. From information provided by the operators on their projects, MTC staff will first evaluate all projects for conformance with the Screening Criteria (Section III) below. Certain requirements must be met for a project to reach the scoring stage of the Capital Priorities process. Operators will be informed by MTC staff if a project has failed to meet the screening criteria, and operators may be given an opportunity to submit additional information for clarification.

Scoring projects. MTC staff will only score those projects which have passed the screening process. Based on the score assignment provided in Section IV below, each project will be assigned a score based on its type. Projects receiving highest scores are by definition the most essential projects in the region. Operators will be informed by MTC staff of the score given to each project, and operators may be given an opportunity to submit additional information for clarification.

Programming Projects/Assigning projects to fund source. An operator may propose a particular fund source for a project, MTC will re-examine the proposed source in light of project characteristics and constrained regional fund estimates. Operators will be informed by MTC staff of the fund source designation of each scored project.

Projects will be programmed in the TCP in the year proposed. While screened and scored projects will be programmed in the TCP in the year proposed, a project will only be programmed in the TIP if the following conditions are met: 1) funding is available in the year proposed, and 2) funds can be obligated by the operator in the year proposed. Programming for each FTA program in the first three years of the TIP is required to be constrained to the estimated appropriations level

TIP Monitoring. MTC staff will monitor progress of each programmed project in the first three years of the TIP and projects in any open FTA grants. Those projects which have fallen behind their

proposed implementation schedules will be reviewed at the regular Transit Finance Working Group (TFWG) meetings. The TFWG will discuss and determine appropriate strategies for dealing with the projects that have fallen behind schedule. On an annual basis, prior to the development of the final Program of Projects, the Transit Finance Working Group will review each grantee's open grant status to determine its ability to manage additional grants/projects for the upcoming year.

3. Description and Eligibility of Funding Programs covered in the TCP

MTC staff will determine eligibility for projects submitted for funding consideration under the Section 5307 and Section 5309 Fixed Guideway programs. MTC staff will also consider the eligibility for and assignment of Net Toll Revenues to the projects proposed for FTA funding.

FTA Section 5307 Urbanized Area Program

Program Eligibility (Statutory Reference: 49USC5307): Planning, engineering design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software, and other related projects to meet unfunded mandates. All preventive maintenance and some ADA complementary paratransit service are considered capital costs.

Program Caps (Regional Policy): In order to prevent committing a significant portion of the programming to an operator in any one year, the following annual funding ceilings for projects are established:

- revenue vehicle replacement projects cannot exceed \$20 million for buses or \$30 million for rail car or ferry vessel replacement and rehabilitation projects, in the aggregate for both Section 5307 and Section 5309 Fixed Guideway programs.
- other replacement projects cannot exceed \$7.5 million
- expansion or enhancement projects cannot exceed \$3.75 million

Exceptions to these annual funding ceilings will be considered by the TFWG on a case-by-case basis. For large rehabilitation programs, MTC may conduct negotiations with the appropriate sponsor to discuss financing options and programming commitments.

FTA Section 5309 Fixed Guideway

Program Eligibility (Statutory Reference: 49USC5309): Capital projects to modernize or improve fixed guideway systems are eligible including purchase and rehabilitation of rolling stock and ferries, track, line equipment, structures, ferry floats, ramps and other ferry fixed guideway connectors, ferry navigational equipment and related components, signals and communications, power equipment and substations,

passenger stations and terminals, security equipment and systems, maintenance facilities and equipment, operational support equipment including computer hardware and software, system extensions, and preventive maintenance.

Program Caps (Regional Policy): The above stated regional policy on program caps are also applicable to the Section 5309 Fixed Guideway Program.

Net Toll Revenues

Fund allocation is governed by MTC Bridge Toll Policy, MTC Res. No. 2004, Revised. In general, the first priority for Net Toll Revenues is to match transit capital projects programmed federal and/or state formula funds in the TIP. Federal and state formula funds include the following: FTA Sections 5307 and 5309 Fixed Guideway, STP and CMAQ funds, and State Transportation Improvement Program (STIP) (e.g. state STP) funds. Projects are programmed Net Toll Revenues in descending TCP score order, regardless of the federal formula fund source or other aforementioned prioritization methods stated herein, but may be subject to prior programming agreements.

4. FYs 2003-04 and 2004-05 TCP Development Schedule

To the extent possible, the region will adhere to the schedule proposed in the table below in developing the FY 2003-04 through 2004-05 TCP. If a change in the schedule is required, MTC will notify participants of the TCP development process in a timely fashion.

	<u>Capital Priorities Process Milestone</u>	<u>Timeline</u>
1.	Review final draft TCP Process & Criteria with TFWG and PTAC.	June-July 2003
2.	Operators submit a 5-year capital program to MTC using Finance Plan	By June 2003
3.	MTC Commission takes action on TCP Process and Criteria	July 2003
4.	Screen and Score projects submitted for TCP consideration (for projects funded in FY 2003-04 through 2004-05 years)	July - September 2003
5.	MTC & operators discuss project rankings & designated fund source	September-October 2003
6.	Review final draft TCP with PTAC	November 2003
7.	Present FY 2003-04 through 2004-05 TCP to MTC Programming and Allocations Committee and the Commission for action	December 2003
8.	MTC staff develops Transit Element of the TIP based on adopted TCP	November-December 2003

5. Transportation Improvement Program (TIP) and the Program of Projects (POP)

Immediately following the adoption of the FY 2003-04 through 2004-05 TCP, MTC staff will work, with the transit operators to develop the FY 2003 Transportation Improvement Program (TIP) Transit Element. The TCP list serves as the basis for the development of the TIP. In turn, the TIP provides the

basis for development of the annual Program of Projects (POP). These documents are prerequisites for FTA grant approval and funding.

Annual Programming in the TIP. MTC, in cooperation with the state and affected transit operators, is required to develop a TIP for our metropolitan planning area. The TIP may include only projects or identified segments or phases of a project for which the entire amount of federal and non-federal funding can reasonably be anticipated to be available within the time period contemplated for completion of the project. Particularly important to FTA is the TIP's list of projects, including project segments and phases, intended to be carried out within the 3-year period, and the financial plan demonstrating how the TIP can be implemented, indicating resources from public and private sources expected to be made available for the project. Those projects, including segments and phases, are to be listed by year of funding. The TCP will contain all screened and scored projects in the year they are proposed for funding. However, programming in each of the first three years of the TIP will be financially constrained to the estimated apportionment level. Projects will be funded in each year in descending TCP score order until funding for that year is exhausted. If necessary, MTC will apply the established procedures for resolving tied-score projects (see below). Any unfunded project from a prior year will be deferred to subsequent years of the TIP only if the project's score order would warrant its likelihood for funding. MTC assumes any project not funded in the earlier years and not carried over to subsequent years is to be funded by the transit operator with non-federal funds.

Development of the Program of Projects (POP). To receive a FTA grant, a grant applicant must meet certain requirements concerning public participation in development of a program of projects. However, as provided for in FTA Circular 9030.1C (revised October 1, 1998), FTA considers a grantee to have met the public participation requirements associated with the annual development of the POP when the grantee follows the public involvement process outlined in the FHWA/FTA planning regulations. In light of the new flexibility stated in FTA Circular 9030.1C, grantees in the region are to comply with the POP requirements by utilizing the public involvement process already established for the TIP.

MTC will work with the operators to conform the annual programming of the transit element of the TIP to the actual FTA Sections 5307 and 5309 apportionments once these numbers are available. This will be done around October or November of each year. Congressional appropriations will determine the exact amounts of Section 5307 and Section 5309 Fixed Guideway funds to be available to the urbanized areas in the region. Any programming adjustments will be done in consultation with the eligible claimants and transit operators in the MTC region. In lieu of a separate publication of a POP, MTC will afford the public an opportunity to comment on the proposed TIP amendments. Amendments are necessary in order to financially constrain the transit programming in the annual element of the TIP. The public will be given a 30-day review period to comment on the proposed changes. We will also hold a public hearing to receive comments.

Resolving blocks of tied scores. Ties between projects with the same scores may need to be broken if final apportionments for the FTA Section 5307 and Section 5309 Fixed Guideway programs come in lower than MTC has previously estimated. In this case, MTC staff will first negotiate with

operators to reduce the scope or phase the projects in the tied score block. If sufficient resolution is not possible, MTC will re-examine the projects. Among the information to be considered will be readiness, prior funding (if the project is a phased multi-year project), and the number of years a project has been ready, programmed, and not received any funds. An operator's share of Federal funds received within the region over the past years may also be considered.

Project Review. Each operator is expected to complete its own Federal grant applications using FTA's electronic grant making system TEAM. MTC staff will do Project Review for those projects that require additional MTC review, as identified in the 2003 TIP. The MTC project review resolutions will also be transmitted to FTA under a separate cover.

6. Changes to the TCP

From time to time, operators may feel that changing circumstances may justify revisions to the TCP project list. Any proposed amendment must first be submitted in writing to MTC staff, and that submittal accompanied by the MTC response to the proposal must be transmitted to the TFWG for discussion and action.

Following adoption of the TCP, and later the TIP, by the Commission, amendments may be allowed only in certain circumstances. The following general principles govern the changes:

- Amendments are not routine. Any proposed changes will be carefully studied.
- Amendments are subject to MTC and TFWG review.
- Amendments which adversely impact another operator's project will not be included without the prior agreement of other operators to the change.
- Amendments will be acceptable only when proposed changes are within the prescribed financial constraints of the TIP.

Specifically, the following amendment rules apply.

1. Inclusion of emergency/urgent projects will be considered on a case-by-case basis as exceptions. MTC staff will evaluate such projects using the existing criteria to determine score and master rank. Since the inclusion of such projects may be to the detriment of other operators, the proposing operator should avoid, as best it can, impacting other operators. Operators may be requested, based upon an MTC evaluation, to partially or fully program their own funds for such projects.
2. Additions of foreseeable and non-emergency projects shall not be to the detriment of other operators. For new projects, MTC staff will evaluate the project using existing criteria to determine score and rank. An operator can substitute that project for one of its own projects of equal score and approximately equal cost.
3. Operators proposing the change must fully explain the necessity for the amendment, addressing the urgency, changed circumstances, disposition of other affected projects,

funding or scope changes, and any other information relevant to evaluation of the proposed amendment.

4. All changes will be presented to the TFWG for review before any MTC actions are taken.
5. Changes in costs and any significant changes in project scope must follow these amendment procedures.
6. In the case of Sections 5307 and 5309 Fixed Guideway funded projects completed under budget, an operator may apply those funds toward its next-ranked unfunded project in that year as established in the TCP. Such programming will be allowed only if: a) the operator provides MTC with an acceptable explanation of the reason for the budget surplus; b) the proposed additional project conforms to all relevant priority setting criteria including readiness; c) MTC staff and the TFWG concur with the amendment; and d) the operator is responsible for amending the adopted Program of Projects including holding a public hearing, as necessary.
7. In the case of federal exchange funds, in order to benefit the region by relieving demands for regional funds, operators may use these funds to backfill projects financed by other sources. Exchange funds should be sufficient to complete a project. If these funds are insufficient to complete the project, the balance of the project must be accepted into the TCP. MTC staff will program the project consistent with the existing procedures. No additional prior commitment points will be given to the non-exchange-funds portion of the project.

III. SCREENING CRITERIA

After operators have submitted their proposed capital programs, the projects are then ranked and evaluated according to the criteria below. The first step in the Capital Priorities process is to ensure that the projects meet the successor authorization of TEA-21, ADA and air quality requirements, follow key MTC policies, and have a reasonable expectation of being implemented.

A project must be in conformance with the following threshold requirements before the project can be scored and ranked in the TCP project list. Screening criteria fall into five basic groups. The following subheadings are used to group the screening criteria.

1. Consistency Requirements;
2. Financial Requirements;
3. Project Specific Requirements;
4. Air Quality Requirements; and
5. Americans with Disabilities Act (ADA) Requirements.

1. Consistency Requirements

- a. The proposed project must be consistent with the currently adopted Regional Transportation Plan (RTP). Small projects must be consistent with the policy direction of the RTP, as the RTP will not go into a sufficient level of detail to specifically list them.
- b. Projects near or crossing county boundaries must be consistent/complementary with the facility (or proposed facility) in the adjacent county.
- c. Projects must either be included in an adopted local or regional plan (such as Congestion Management Programs, Short Range Transit Plans, Countywide transportation plans pursuant to AB3705, the Seaport and Airport Plans, the State Implementation Plan, the Ozone Attainment Plan, the Regional Transportation Plan, and local General Plans)
- d. All new starts projects must be consistent with MTC Resolution No. 3434, the regional transit expansion policy or remaining program commitments as part of MTC Resolution 1876 or its companion documents.
- e. TEA-21 establishes seven goals that must be considered in the development of the TIP. All projects must conform to one of these goals listed below:
 - Support the economic vitality of the metropolitan area;
 - Increase safety and security;
 - Increase accessibility and mobility options for people and freight;
 - Protect the environment, conserve energy, and improve quality of life;
 - Enhance integration and connectivity of the transportation system;
 - Promote efficiency;
 - Emphasize preservation of the existing transportation system.

2. Financial Requirements

- a. The proposed project has reasonable cost estimates, is supported by an adequate financial plan with all sources of funding identified and a logical cash flow, and has sensible phasing. Transit operators must demonstrate financial capacity, to be documented in the adopted TIP, as required by the FTA. All facilities that require an ongoing operating budget to be useful must demonstrate that such financial capability exists.

3. Project Specific Requirements

- a. All projects must be well defined. There must be clear project limits, intended scope of work, and project concept. Planning projects to further define longer range federally eligible projects are acceptable. A project is defined as:
 - The amount of train control replacement needs for a given year, replacement/rehab of one revenue vehicle sub-fleet (see definition of a sub-fleet below) or ferry vessel, replacement/rehab of fixed guideway (e.g. track replacement and related fixed guideway costs) for a given year.
 - A sub-fleet is defined as the same bus size, manufacturer, and year; or any portion of a train set that reaches a common end of its useful life (i.e. a set that cycles at a common time).
- b. All projects must be well justified. Wherever possible, this justification should include the results of existing management systems or other performance-based standards. There must be a clear need directly addressed by the project.
- c. The proposed project includes an implementation plan which adequately provides for any necessary clearances and approvals.
- d. The proposed project is advanced to a state of readiness for implementation in the year indicated. For this requirement, a project is considered to be ready if grants for the project can be obligated within one year of the award date; or in the case of larger construction projects, if the funds can be obligated according to an accepted implementation schedule.
- e. Projects that are the normal asset replacement or rehabilitation of revenue vehicles, non-revenue vehicles, service vehicles, maintenance tools and equipment, or portions of facilities, must meet the following age requirements in the year of programming:

Bus*	12 years
Over-the-Road-Coaches*	16 years
* (or an additional 5 years for buses rehabilitated with TCP funding)	
Van ¹	4, 5, or 7 years
Light Rail Vehicle (LRV)	25 years
Trolley	18 years
Heavy Railcar ²	25 years
Locomotive	25 years
(or an additional 20 years for railcars rehabilitated with TCP funding)	
Heavy/Steel Hull Ferries	30 years
(or an additional 20 years for railcars rehabilitated with TCP funding)	
Light Weight/Aluminum Hull Ferries ³	25 years
Used Vehicles ⁴	Varies by type
Tools and Equipment	10 years
Service Vehicle	7 years
Non-Revenue Vehicle	7 years
Track	Varies by track type
Trolley Overhead/3 rd Rail	Varies by type of OVHD/3 rd rail
Facility	Varies by facility and component replaced

Notes:

(1) A paratransit van is a specialized van used in paratransit service only such as service for the elderly and handicapped. Three general categories of vans are acceptable in Transit Capital Priorities: Minivans, Standard Conversion Vans, and Small Medium-Duty Coaches. The age requirements for each type are 4, 5, and 7 years respectively.

(2) Includes CalTrain and ACE commuter rail and BART urban rail cars.

(3) Light weight ferries cannot generally last beyond a 25-year useful life. Propulsion and major component elements of light weight ferries can be replaced in TCP without extending the useful life beyond its anticipated useful life of 25 years.

(4) Used vehicles are eligible to receive a proportionate level of funding based on the type of vehicle and number of years of additional service. (See “used vehicle replacement”).

Replacement cycle exceptions may be considered as exceptions to the general rules only if significant progress has been made in securing FTA approval for early retirement. FTA approval must be secured before the annual apportionment.

3. Americans with Disabilities Act (ADA) Requirements

a. The proposed project meets or supports the requirements of the American with Disabilities Act.

IV. SCORING OF PROJECTS

All FTA Section 5307 and FTA Section 5309 Fixed Guideway projects submitted to MTC for TCP programming consideration which passed the screening process shall be assigned scores by project category as follows:

<u>Project Category</u>	<u>Project Score</u>
Revenue Vehicle Replacement / Rehabilitation *	16
Fixed Guideway Replacement / Rehabilitation *	16
Ferry Replacement / Rehabilitation *	16
Ferry Propulsion Systems	16
Ferry Major Components	16
Ferry Fixed Guideway Connectors	16
TransLink	16
Safety	15
ADA/Non Vehicle Access Improvement	14
Fixed/Heavy Equipment, Maintenance/Operating Facilities	13
Intermodal Stations	12
Station/Parking Rehabilitation	12
Service Vehicles	11
Tools and Equipment	10
Office Equipment	9
Capitalized Maintenance, including tires/tubes/engines/transmissions	9
Operational Improvements/Enhancements	8
Expansion	8

* For urgent replacements not the result of deferred maintenance and replacement of assets 20% older than the usual replacement cycle (e.g. 12 or 16 years for buses depending on type of bus), project may receive an additional point to 17 points.

Definition of Project Categories

Vehicle Replacement - replacement of a revenue vehicle at the end of its useful life (12 years for buses 30 ft or larger, 16 years for over-the-road coaches; 25 years for railcars; 30 years for heavy hull ferries; 25 years for light weight hull ferries; 7, 5, or 4 years for paratransit vehicles depending on vehicle type). Vehicles previously purchased with revenue sources other than federal funds (e.g. operator funds) are eligible for federal formula (e.g. Section 5307) funding as long as vehicles meet the replacement age established above in the screening criteria. Vehicles are to be replaced with vehicles of similar size (up to 5' size differential) and seating capacity, e.g. a 40-foot coach replaced with a 40-foot coach and not an articulated vehicle. Paratransit vehicles can be replaced with the next larger vehicle providing the existing vehicle is operated for the useful life period of the vehicle that is being upgraded to. Any other significant upgrade in size will be considered as vehicle expansion and not vehicle replacement.

SCORE: 16

Vehicle Rehabilitation - major maintenance, designed to extend the useful life of a revenue vehicle (+5 years for buses, +20 years for railcars, +20 years for heavy hull ferries). SCORE: 16

Used Vehicle Replacement - replacement of a vehicle purchased used (applicable to buses, ferries, and rail cars) is eligible for federal, state, and local funding that MTC administers. Funds in this category include FTA Section 5307, STP, CMAQ, STIP, and Net Toll Revenues. However, funding for replacement of the used vehicle will be limited to a proportionate share of the total project cost, equal to the number of years the used vehicle is operated beyond its standard useful life divided by its standard useful life (e.g. If a transit property retained and operated a used transit bus for 5 years, it is eligible to receive 5/12th of the allowable programming for the project). SCORE: 16

Note: Used buses placed in service prior to December 20, 2000 are eligible for replacement in the TCP after the vehicle has been part of the operator's "active fleet" as defined by the Federal Transit Administration for at least five years.

Rehabilitation/Replacement Fixed Guideway - projects replacing or rehabilitating fixed guideway equipment (rail, bridges, traction power system, wayside train control systems, overhead wires) at the end of its useful life. SCORE: 16

Ferry Propulsion Replacement—projects defined as the mid-life replacement and rehabilitation of ferry propulsion systems in order that vessels are able to reach their 25 year useful life.

Ferry Major Components—projects associated with propulsion system, inspection, and navigational equipment required to reach the full economic life of a ferry vessel.

Ferry Fixed Guideway Connectors—floats, gangways, and ramps associated with the safe moorage and boarding of passengers to/from ferry vessels.

Communication Equipment - For operators who replace radios and base stations when the revenue vehicle/vessel is replaced, no additional systemwide replacement will be funded through the regional

capital priorities. For bus operators who elect the system wide replacement option, the regional participation in the project will be constrained by the radio allowance in the standard bus price. Such a project would be scored 16. SCORE: 16 (provided that the radio/base station is not replaced prior to the applicable replacement cycle).

Non-TransLink Fare Collection Equipment - fareboxes. Maximum programming allowance similar to methodology employed for communication equipment (see above). SCORE: 16 (It would score 16 as long as the farebox station is not replaced prior to the 12-year replacement cycle for buses.)

TransLink® - replacement of TransLink® fare collection equipment related to revenue vehicles and faregates. SCORE: 16

Safety/Security - projects addressing potential threats to life and/or property. Project may be maintenance of existing equipment or new safety capital investments. Adequate justification that proposed project will address safety and/or security issues must be provided. TFWG will be provided an opportunity to review proposed projects before project is programmed funds in a final POP. SCORE: 15

ADA - capital projects needed for ADA compliance. Does not cover routine replacement of ADA-related capital items. Project sponsor must provide detailed justification that project is proposed to comply with ADA. Subject to TFWG review. SCORE: 14

Fixed/Heavy equipment and Operations/Maintenance facility - replacement/rehabilitation of major maintenance equipment, generally with a unit value over \$10,000; replacement/rehabilitation of facilities on a schedule based upon useful life of components. SCORE: 13

Stations/Intermodal Centers/Patron Parking Replacement/Rehab - replacement/ rehabilitation of passenger facilities. SCORE: 12

Service Vehicles - replacement/rehabilitation of non-revenue and service vehicles based on useful life schedules. SCORE: 11

Tools and Equipment - maintenance tools and equipment, generally with a unit value below \$10,000. SCORE: 10

Office Equipment - computers, copiers, fax machines, etc. SCORE: 9

Preventive or Capitalized Maintenance - ongoing maintenance expenses (including labor and capital costs) of revenue and non-revenue vehicles which do not extend the life of the vehicle. This includes mid-life change-out of tires, tubes, engines and transmissions which does not extend the life of the vehicle beyond the twelve years life cycle. SCORE: 9

Operations—costs associated with transit operations such as the ongoing maintenance of transit vehicles including the cost of salaries. SCORE 9 (see Programming item 3c Operations). Operational

Improvement/Enhancements - any project proposed to improve and/or enhance the efficiency of a transit facility. SCORE: 8

Expansion - any project needed to support expanded service levels. SCORE: 8

V. PROGRAMMING

1) *Project Apportionment to Urbanized Areas*

The 2000 census changes to the region's urbanized areas made numerous operators eligible to claim funds in more than one urbanized area. This has necessitated a procedure for apportioning projects to eligible urbanized areas. The *Regional Priorities Model, as described below*, was fashioned to prioritize the replacement of the region's transit capital plant, while minimizing the impact of the 2000 census boundary changes.

The model assumes a regional programming perspective and constrains regional capital demand to the amount of funds available to the region, prior to apportioning projects to urbanized areas. It then apportions projects to urbanized areas in the following order:

- a. Funds apportioned first for operators that are the exclusive claimant in one UA (e.g. LAVTA, Fairfield, etc.)
- b. Funds projects for operators that are restricted to funding in one urbanized area (e.g. Muni, AC, WestCat, CCCTA, etc.)
- c. Fund balance of operator projects among multiple urbanized areas, as eligibility allows, with the objective of fully funding as many high scoring projects as possible.
- d. Reduce capital projects proportionately in urbanized areas where need exceeds funds available.
- e. Fund lower scoring projects (additional programming flexibility) to operators in urbanized areas where apportionments exceed project need.

2) *Urbanized Area Eligibility*

Urbanized Area	Eligible Transit Operators
San Francisco-Oakland	AC Transit, ACE, BART, Caltrain, GGBHTD, SF Muni, SamTrans, Union City Transit, Vallejo Transit, WestCat
San Jose	ACE, Caltrain, SCVTA
Concord	ACE, BART, CCCTA, LAVTA
Antioch	BART, Tri-Delta
Santa Rosa	GGBHTD, Santa Rosa City Bus, Sonoma County Transit
Vallejo	City of Benicia, Napa Vine on behalf of American Canyon, City of Vallejo, WestCat
Fairfield	Fairfield-Suisun Transit
Vacaville	Vacaville Transit
Napa	Napa VINE
Livermore	ACE LAVTA

Gilroy-Morgan Hill	Caltrain, SCVTA
Petaluma	GGBHTD, Sonoma County Transit

- a) Altamont Commuter Express (ACE) is eligible to claim funds in four of the San Francisco Bay Area's urbanized areas according to Federal Transit Administration statute. ACE has entered into an agreement with other operators eligible to claim funds in the San Jose UA which prevents ACE from claiming funds in that UA. Likewise, ACE has also determined that they will be reporting their Livermore area revenue miles in the Stockton UA and have elected not to seek funding from the Livermore UA. The project element that the Regional Priority Model would apportion to these two urbanized areas will be deducted from the total amount of their capital request. ACE operates on track privately owned by Union Pacific. Requests for track rehabilitation, maintenance, and or upgrades for funding in the San Francisco-Oakland and Concord UAs will be assessed for eligibility upon review of ACE and Union Pacific agreement.
- b) Santa Rosa City Bus and Sonoma County will apportion funding in accordance with previous agreements (75% Santa Rosa City Bus and 25% Sonoma County). The agreement between Santa Rosa City Bus and Sonoma for apportioning projects is subject to the conditions outlined in paragraph 3, *Principles*, sub-paragraph d, below.
- c) Golden Gate Bridge and Highway Transportation District (GGBHTD) is eligible to claim funds in the Santa Rosa Urbanized Areas. However, as a result of an agreement between the operators and discussion with the TFWG, GGBHTD will not claim funds from the Santa Rosa UA at this time. However, should it become advantageous to the region for GGBHTD to report revenue miles in the Santa Rosa UA and thereby claim funds in that UA, agreements between the operators will be re-evaluated. Golden Gate is an eligible claimant for funds in the Petaluma UA, and in years where extensive capital need in other urbanized areas in the region is high; Golden Gate's projects could be funded in the Petaluma UA.
- d) WestCat is an eligible claimant in the Vallejo UA but will report revenue miles in the San Francisco-Oakland UA only to maximize funding to the region. Therefore, WestCAT will claim funds exclusively in the San Francisco-Oakland UA.
- e) Funding agreements between operators in the San Jose and Gilroy-Morgan Hill UAs are subject to the conditions outlined in paragraph 3, *Principles*, sub-paragraph d, below.

3) *Principles*

- a) The emphasis in programming the TCP list will be given to the most essential projects that replace and sustain the existing transit system's capital plant, as consistent with the goals and objectives of the MTC RTP.

- b) The Section 5307 and Section 5309 funds will be programmed to projects in descending order of project score except as provided in the following chart and outlined under item V.4 – Continued Economic Recovery: Preventive Maintenance Allowance.

Existing Section 5309 Program Commitments

San Francisco-Oakland Urbanized Area					
Operator	Project	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Caltrain	Rapid Rail Projects ¹	25,000,000	25,000,000	18,369,000	
Muni	Metro East Maintenance Facility	21,626,307	940,586		
GGBHTD	Channel/Berth Dredging	1,389,000			
Vallejo	Ferry Fueling Facility	2,000,000			
Total		\$50,015,307	\$25,940,586	\$18,369,000	\$0
San Jose Urbanized Area					
Caltrain	Rapid Rail Projects ¹	9,000,000	10,673,000	9,675,000	3,077,000
Total		\$9,000,000	\$10,673,000	\$9,675,000	\$3,077,000

1) Actual commitment to Caltrain Rapid Rail project subject to CPI adjustments

- c) Transit operators are required to submit annual reports to the National Transit Database. Service factors reported in large urbanized areas determine the amounts of FTA Section 5307 and 5309 FG funds generated in the region. MTC staff will work with members of the Partnership to coordinate reporting of service factors in order to maximize the amount of funds generated in the region.
- d) Should budgetary issues and/or funding agreements between operators result in a negotiated deviation from the regional priorities model for programming, all affected operators will be consulted through the TCP cooperative process. Providing that such agreements are acceptable to affected operators in the region, these agreements will be incorporated into the TCP Process and Criteria as an exception to the apportionments established by the *Regional Priority Model*.
- e) FTA permits the use of FTA Section 5307 small urbanized funds to be used for operating purposes. For operators eligible to claim in both large and small urbanized areas, the amount of funds used for operating will be deducted from the amount of capital claimed in the large UA. House Resolution (H.R.) 5157 provides that urbanized areas transitioning from small to large urbanized areas in the 2000 census can use their large UA funds for operating purposes. This includes the urbanized areas of Santa Rosa and Antioch. Providing that reauthorizing legislation provides that these UAs can continue to use their FTA Section 5307 funds for operating, these operators will be allowed to use funds for operating providing that capital is adequately maintained and replaced on a reasonable schedule as outlined in operators' SRTPs and in accordance with goals outlined in the RTP for maintaining the region's capital plant (*maintenance of effort*).

- f) In urbanized areas with only one transit operator (Fairfield, Vacaville, Napa) greater flexibility for funding lower scoring projects will be allowed, providing that other operators in the region are not impacted. These operators will also be allowed to use funds for operating, without reduction of funding for capital projects, providing that capital is adequately maintained and replaced on a reasonable schedule as outlined in each operator's SRTPs and in accordance with goals outlined in the RTP for maintaining the region's capital plant (maintenance of effort).
- g) ADA Paratransit Service Set-aside: TEA-21 establishes a cap on the use of large urbanized area capital funds for ADA paratransit services not to exceed 10% of the region's apportionment of FTA Section 5307 funds. To take advantage of this provision, an amount equal to 10% of each urbanized area's FTA Section 5307 apportionment, will be set-aside to assist operators in defraying ADA paratransit operating expenses. The purpose of this set-aside is to ensure that in any one year, a transit operator can use these funds to provide ADA service levels necessary to maintain compliance with the federal law, without impacting existing levels of fixed route service. This ADA provision is not intended to be used as an infusion of operating assistance to increase fixed route service. Up to 10% of the small UA funds will also be set-aside for this purpose in areas with TCP restrictions on the use of formula funds for operating. The use of this ADA set-aside by small UA operators will not impact the amount of FTA Section 5307 or 5309 FG funds received for capital that they are eligible to receive from a large UA.

An operator may use its share of the Section 5307 set-aside for capital purposes only if the operator adequately describes in its Short Range Transit Plan (SRTP) ADA service levels necessary to comply with its ADA paratransit service requirements. The operator is also to include in the SRTP, a description of its process for engaging consumers in the development of the ADA paratransit service plan. In addition, the operator will need to certify in its annual operating claim to MTC the following:

- That ADA paratransit operating costs are fully funded in its proposed annual budget; that Section 5307 funds are not needed to implement any interagency paratransit service agreements that may be established as part of the region's paratransit coordination implementation plan.
- That for jointly funded paratransit services, operator shares of Section 5307 ADA set-asides have been jointly considered in making decisions on ADA service levels and revenues.
- If MTC is satisfied with the operator's certification, the operator may re-program its set-aside for any unfunded transit capital projects identified as STP/CMAQ Tier 1 system preservation needs, which include safety, non-vehicle ADA, maintenance facilities and heavy fixed equipment. An operator may use its funds for capital projects in the next level of needs (e.g. Tier 2) only if it can certify that it has met the funding needs of projects in the higher tier(s).

To ensure that the Section 5307 10% set-aside funding is duly considered for annual ADA paratransit needs, there will be no multi-year programming of the 10% ADA set-aside to capital-only purposes. Instead, in any given program year, the Section 5307 set-aside for each operator will automatically be programmed as a reserve for ADA paratransit operating costs in

the federal TIP. An operator will be allowed the flexibility to use their shares for capital projects only if it meets all the conditions set forth above. The annual Program of Projects (POP) will reflect the final disposition of each operator's annual share of the set-aside, either for ADA paratransit service costs and/or for transit capital projects. The public hearing for the TIP Amendment to amend any programming changes for the POP, which is generally scheduled for January of each year, will provide the appropriate forum for members of the public to address any concerns about an operator's use of the ADA Paratransit set-aside funds.

If an operator has an agreement with another operator(s) to jointly fund ADA paratransit services within a specified service area, they are expected to consider their Section 5307 10% shares jointly when making decisions regarding annual ADA service levels and necessary revenues to provide that service. Such cooperation shall be documented in the "certification" that must be approved by MTC before these shares can be used for capital projects.

The ADA paratransit set-aside funds will be distributed to operators based on the factors that generate Section 5307 funds to the region. While ADA specific factors were also considered as a basis for distribution, the lack of reliable, auditable data makes the Section 5307 factors preferable at this time. MTC staff also believes that this apportionment presents the fairest distribution among small and large operators within the region currently. However, the use of these factors this year does not preclude MTC from considering factors that reflect ADA paratransit service levels in the future when other more reliable and auditable information is available.

- h) Transit Enhancement Set-Aside: TEA-21 requires that 1% of the FTA section 5307 apportionment be set aside for transit enhancements. Eligible projects include: historic preservation, rehabilitation, and operation of historic mass transportation buildings, structures, and facilities, bus shelters, landscaping and other scenic beautification, public art, pedestrian access and walkways, bicycle access, including bicycle storage facilities, transit connections to parks, signage, and enhanced access for persons with disabilities to mass transportation.

Due to the overwhelming needs to sustain the current transit capital plant, funded score 16 or 17 projects which can be identified as eligible transit enhancement project candidates would count against the 1% set-aside for transit enhancements, including, but not limited to, rehabilitation of cable cars and historic cars, and bike racks to be procured as part of a bus purchase. Any remaining balance will be put into a reserve for funding eligible projects in subsequent years.

- i) While project caps will apply to FTA Section 5309 projects, MTC willors to develop a multi-year program of projects for use in phasing the projects. If consensus exists among all Section 5309 Fixed Guideway claimants, one operator may receive more funding in a given year than allowed under project caps as long as the cumulative amount does not exceed the caps.
- j) When making adjustments due to final apportionments, priority will be given to ready-to-go projects.

4) *Continued Economic Recovery: Preventive Maintenance Allowance*

The current economic climate has had a profound impact on the region's transit operators. While it was the region's collective objective that the TCP policy exception established in MTC Resolution No. 3515 – the FY 2003-04 economic recovery plan – would be adequate to address the financial challenges facing transit operators, the information outlined above indicates that several operators continue to confront economic hardships. It is also critical that the region maintain the transit infrastructure. The following principles for FY 2004-05 are aimed at minimizing additional service cuts – through specific allowance for funding preventive maintenance – while also supporting critical capital replacement in the region.

- *Demonstration of Need and Financial Strategy for Recovery:* An operator must demonstrate a budget gap that, absent FTA formula funds for preventive maintenance, would result in a significant service reduction beyond service adjustments already planned as part of the FY 2003-04 budget process. An operator must also develop and take to their policy board a bridging strategy to a sustainable operating plan.
- *Concepts for Preventive Maintenance Allowance* – For an individual operator to make use of preventive maintenance funding in FY 2004-05, other operators in the region must be able to move forward with planned capital replacement. Staff is recommending two mechanisms that ensure both protection of capital replacement and flexibility for preventive maintenance:
 - Capital Exchange – In this option, an operator could elect to remove an eligible capital project from TCP funding consideration for the useful life of the asset in exchange for preventive maintenance funding. The funding is limited to the amount of capital funding an operator would have received under the current TCP policy in a normal economic climate. If an operator elects to replace the asset - removed from regional competition for funding under these provisions – earlier than the timeline established for its useful life, the replacement will be considered an expansion project.
 - Negotiated Agreement within an Urbanized Area – In the second option, an operator may negotiate with the other operators to receive an amount of preventive maintenance funding, providing that a firewall is established between the affected urbanized area and all other urbanized areas. This will ensure that other operators' high-scoring capital replacement projects are not jeopardized.

Providing that AC Transit, GGBHTD, and SCVTA can meet the requirements in the above principles, MTC staff would recommend funding preventive maintenance for these operators in FY 2004-05.